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**Introduced by Senator Knight**

February 11, 2013

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An act to amend Section 7073.1 of the Government Code, relating to enterprise zones.

## LEGISLATIVE COUNSEL'S DIGEST

SB 228, as introduced, Knight. Enterprise zones.

The Enterprise Zone Act provides for the designation of various types of economic development areas throughout the state, including, but not limited to, enterprise zones, and authorizes qualifying enterprise zones to receive certain tax and regulatory incentives.

This bill would make technical, nonsubstantive changes to this provision.

Vote: majority. Appropriation: no. Fiscal committee: no.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. Section 7073.1 of the Government Code is  
2 amended to read:  
3 7073.1. (a) Except as provided in subdivision (e), ~~any~~ a city,  
4 county, or city and county with an eligible area within its  
5 jurisdiction may complete a preliminary application for designation  
6 as an enterprise zone. The applying entity shall establish definitive  
7 boundaries for the proposed enterprise zone and the targeted  
8 employment area. An entity may propose zones in areas with  
9 noncontiguous boundaries, and the department may designate those  
10 areas as zones if the director determines both of the following:

1 (1) The noncontiguous area is needed to implement the  
2 applicant's economic development strategy.

3 (2) The excluded area between the proposed zone boundaries  
4 would not, based on the proposed economic strategy, also benefit  
5 from the zone designation.

6 (b) (1) In designating enterprise zones, the department shall  
7 select from the applications submitted those proposed enterprise  
8 zones that, upon a comparison of all of the applications submitted,  
9 indicate that they propose the most appropriate economic  
10 development strategy and implementation plan utilizing state and  
11 local programs and incentives to create jobs, attract private sector  
12 investment, and improve the economic conditions within the zone  
13 proposed. The department shall prescribe a format that promotes  
14 succinct and focused strategies and plans, and set minimum  
15 standards for the strategies and plans. For the purposes of this  
16 subdivision, important elements of a strategy or plan may include,  
17 but are not limited to, all of the following:

18 (A) An assessment of current financial and community  
19 development strengths, needs, and opportunities.

20 (B) A framework for investment of time, action, and money.

21 (C) Clear articulation of goals.

22 (D) Measurable objectives, including targets.

23 (E) Proposed implementation activities and tasks, including  
24 timeframes, and a framework for evaluating performance, including  
25 qualitative and quantitative benchmarks.

26 (2) For purposes of this subdivision, local incentives may  
27 include, but are not limited to, all of the following:

28 (A) The suspension or relaxation of locally originated or  
29 modified building codes, zoning laws, general development plans,  
30 or rent controls.

31 (B) The elimination or reduction of fees for applications,  
32 permits, and local government services.

33 (C) The establishment of a streamlined permit process.

34 (D) Elimination or reduction of construction taxes or business  
35 license taxes.

36 (E) The provision or expansion of infrastructure.

37 (F) The targeting of federal block grant moneys, including small  
38 cities, education, and health and welfare block grants.

1 (G) The targeting of economic development grants and loan  
2 moneys, including grant and loan moneys provided by the United  
3 States Department of Housing and Urban Development.

4 (H) The targeting of state and federal job disadvantaged and  
5 vocational education grant moneys, including moneys provided  
6 by the federal Workforce Investment Act of 1998 (Public Law  
7 105-220), or its successor.

8 (I) The targeting of federal or state transportation grant moneys.

9 (J) The targeting of federal or state low-income housing and  
10 rental assistance moneys.

11 (K) The use of tax allocation bonds, special assessment bonds,  
12 bonds under the Mello-Roos Community Facilities Act of 1982  
13 (Chapter 2.5 (commencing with Section 53311) of Part 1 of  
14 Division 2 of Title 5), industrial development bonds, revenue  
15 bonds, private activity bonds, housing bonds, bonds issued pursuant  
16 to the Marks-Roos Local Bond Pooling Act of 1985 (Article 4  
17 (commencing with Section 6584) of Chapter 5), certificates of  
18 participation, hospital bonds, redevelopment bonds, school bonds,  
19 and all special provisions provided for under federal tax law for  
20 enterprise community or empowerment zone bonds.

21 (3) When designating new enterprise zones, the department  
22 shall take into consideration the location of existing zones and  
23 make every effort to locate new zones in a manner that will not  
24 adversely affect ~~any~~ *an existing zone*.

25 (4) When reviewing and ranking *a* new enterprise zone  
26 ~~applications~~ *application*, the department shall give bonus points  
27 ~~to applications~~ *an application* from ~~jurisdictions~~ *a jurisdiction* that  
28 meet minimum threshold points and at least two of the following  
29 criteria:

30 (A) The percentage of households within the census tracts of  
31 the proposed enterprise zone area, the income of which is below  
32 the poverty level, is at least 17.5 percent.

33 (B) The average unemployment rate for the census tracts of the  
34 proposed enterprise zone area was not less than five percentage  
35 points above the statewide average for the most recent calendar  
36 year as determined by the Employment Development Department.

37 (C) The applicant jurisdiction has, and can document that it has,  
38 a unique distress factor affecting long-term economic development,  
39 including, but not limited to, resource depletion, plant closure,  
40 industry recession, natural disaster, or military base closure.

(5) Except as modified pursuant to paragraph (4), applications shall be ranked by the appropriateness of the economic development strategy and implementation plan, including all of the following:

(A) The extent the strategy clearly identifies the local resources, incentives, and programs that will be made available to the zone for meeting its goals and objectives.

(B) The extent the strategy provides for attracting private sector investment.

(C) The extent the strategy includes related regional and community-based partnerships for achieving the goals and objectives in the strategy.

(D) The extent the strategy fits within the jurisdiction's overall economic development strategy, including the extent the strategy and implementation plan is appropriate for the local community.

(E) The extent the strategy addresses the hiring and retention of unemployed or underemployed residents or low-income individuals in the proposed zone and surrounding areas.

(F) The extent the strategy sets reasonable and measurable benchmarks, goals, and objectives.

(G) The extent the strategy sets forth an appropriate funding schedule for management, oversight, and program delivery within the zone relative to the benchmarks, goals, and objectives in the strategy.

(H) The extent that the economic development strategy has a comprehensive incentive package for attracting private investment to the enterprise zone.

(c) In evaluating applications for designation, the department shall ensure that applications are not disqualified solely because of technical deficiencies, and shall provide applicants with an opportunity to correct the deficiencies. Applications shall be disqualified if the deficiencies are not corrected within two weeks.

(d) Except upon dedesignation pursuant to subdivision (c) of Section 7076.1, Section 7076.2, or Section 7085.1, a designation made by the department shall be binding for a period of 15 years from the date of the original designation.

1 (e) This section shall ~~only~~ apply *only* to enterprise zone  
2 applications for which the department has issued a solicitation for  
3 new enterprise zone designations on or after January 1, 2007.

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